

# Global Supply Chain Crisis: Causes, Effects and Solutions

## Outline

### 1. Introduction

**Thesis Statement:** Rising geopolitical unrest, extreme weather events and others are the main causes of current global supply chain crisis. Some measures are necessary to address its impacts like economic instability, rising food crises and so on.

### 2. A brief overview of global supply chain and its crisis

Ship cargo, Air cargo and Land transport of goods

### 3. What are the causes of ongoing supply chain crisis across the globe?

I. Rising geopolitical unrest is the main cause of global supply chain disruption

Case in point: Freightos and Drewry shipping cost report (2024)

II. Rivalry between United States and China is key factor behind global supply chain crisis

Reference: World Bank Report (2023)

III - Extreme weather events impede flow of goods and services across the world

Case study: Four time decrease in freight through Rhine river in 2023 due to drought

IV - Increasing cyber attacks on critical infrastructure leads to global supply chain crisis

Case in point:- Report published by Freight Council of America

V - Exacerbating global inflation and material scarcity resist production of goods for supply across countries

Reference:- World Economic Forum Report (2024)

VI - Integration of eco-friendly practices in industries also causes

delay in global supply chain

Sub-ordinate point:- Regulation of carbon foot prints by companies for environmental sustainability and delay in goods transportation

#### 4. What are the impacts of global supply chain crisis?

I - Economic instability is the offshoot of global supply chain crisis

Reference: 16% rise in inflation in Germany amid Ukraine war

II - Rising food crisis is a negative result of disruption in global supply chain

Case in point: Recently published report of Food and Agricultural Organization (FAO)

III - Spike in energy prices is a consequence of disorder in global supply chain

Case in point: Publication of Germany's Chambers of Industry and Commerce (2023)

IV - Increasing poverty and unemployment is due to current global supply chain crisis

Sub-ordinate point: World Bank's report on poverty (2023)

5. What are the measures to address the global supply chain crisis?

I - Mitigating geopolitical tensions is essential for smooth supply chain across the globe

Case in point: Remarks of Antonio Guterres on Ukraine war

II - Addressing climate issue is necessary for removing global supply chain disparities

Case study: 75% decrease in shipments in Canada due to wildfire smoke.

III - Boosting regional supply chains is indispensable to absorb the shocks of global supply chain crisis

Sub-ordinate point: US - Mexico - Canada free trade agreement

IV - Ensuring diversification of supply chain resources is indispensable to mitigate the issue of transportation of goods and materials across the global arena

Case study: China's diversified supply chain policy

V. Using technology to predict risks in supply chains and demand patterns is essential for addressing the global supply chain disparities.

Reference: Toyota's digital model of risk management to endure losses.

VI. Increasing investment in logistic infrastructure is necessary for addressing the disparities in global supply chain.

Sub-ordinate point: US investment in upgradation of transport and port facilities.

## 6. Conclusion

World is witnessing the crisis in global supply chain, resulting from geopolitical conflicts, scarcity of raw materials and so on. Some concrete measures are necessary to address the impacts of the global supply chain disparities.

The global supply chain is the key driver of global economy and global politics. However, the disruptions in movements of goods, labour and materials can deeply affect the global economies. Goldman Sachs has recently forecast that "the current inflation, high energy prices, unbridled poverty and economic meltdown across the countries are the negative results of ongoing disruption in global supply chains, resulting from Gaza war and Ukraine war." It vividly indicates that the global supply chain crisis do not bode well for economic prosperity and its growth. These are multiple causes of current crisis of supply chain across the world including: geopolitical tensions, rivalry between America and China, and so on. Extreme weather conditions are also negatively affecting the flow of goods and services across the global markets. Increasing cyber attacks on critical infrastructure is equally important in this context.

Similarly, integration of eco-friendly practices in industries is a key hurdle for supply of products across the world economies. There are various impacts of current global supply chain crisis. Rising inflation, spike in energy crisis and exacerbating economic chaos are the main off-shoots of the disorder in supply chain across international arena. Some concrete measures, such as mitigating geopolitical conflicts, increasing regional supply chain and others can address the disruptions in supply chain across the globe. Ensuring diversification in supply chain resources, coupled with investing in logistic infrastructure can also play a key role in this regard. Hence, rising geopolitical unrest, extreme weather events, and so on are the major factors behind the global supply chain crisis. Some viable measures can address its impacts like economic instability, rising food crisis and others.